Inquiry into Rigging of Share Prices

1246. SHRI GURUDAS DAS GUPTA: Will the Minister of FINANCE be pleased to state:

(a) whether Government have ordered any inquiry into the allege rigging of share prices by some big industrial houses in the country; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. DEBI PROSAD PAL): (a) and (b) Government have asked the Securities and Exchange Board of India (SEBI) to examine matters relating to alleged rigging of prices of shares of Reliance Polypropylene Limited and Reliance Polyethylene Limited as a prelude to the amalgamation with Reliance Industries Limited. The investigations by SEBI in the matter are in progress. SEBI at present is investigating around 45 cases relating to price rigging of big and small companies.

Implementation of Recommendations of Malhotra Committee

1247. SHRI PRAMOD MAHAJAN: SHRI VIREN J. SHAH:

Will the Minister of FINANCE be pleased to refer to the answer to Unstarred Question 80 given in the Rajya Sabha on February 14, 1995 and state:

(a) what progress has so far been made in implementation of recommendations of Malhotra Committee pertaining to disinvestment of Government equity in General Insurance Corporation (GIC) and Life Insurance Corporation of India (LIC);

(b) when the report was submitted and the details of the reccommendations and the decision taken so far on each of them; and

(c) if no decision has so far been taken, the reasons therefor and by which date the recommendations are likely to be implemented?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. DEBI PROSAD PAL): (a) to (c) The Committee on Reforms in the Insurance Sector (Malhotra Committee) submitted its report to the Government on 7th January, 1994. Major recommendations made by the Committee are enclosed as statement *(See blow)*

The Government announced its intention to evolve a broad national consensus about the future direction and content of reforms in this Sector. Discussions were held with the managements and the unions of the insurance industry and with consumer interest groups, Chambers of Commerce and Industry and academics. The Report was also discussed in the consultative Committee attached to this Ministry. No consensus emerged in these discussions. Therefore, the Government could not take a decision on the recommendations of the Malhotra Committee.

However, as a first step towards reforms in the insurance sector the Government has set up an Insurance Regulatory Authority (IRA) under the overall administrative control of the Ministry of Finance.

Statement

Major Recommendations of the Committee on reforms in Insurance Sector.

(1) There is an urgent need to activate the insurance regulatory apparatus even in the present set-up of nationalised insurance sector. For this purpose, and as an interim measure, the office of Controller of Insurance should be restored its full functions under the insurance Act and it should be set up as a separate office as a matter of high priority. Meanwhile, steps should be initiated for the establishment of a strong and effective insurance regulatory authority in the form of a statutory autonomous board on the lines of SEBI.